

STATE REPRESENTATIVE  
**KRISTEN DEXTER**

WISCONSIN STATE ASSEMBLY

68TH DISTRICT

**Testimony from Representative Kristen Dexter  
April 2<sup>nd</sup>, 2009**

**Committee on Ways and Means  
In Support of Assembly Bill 68**

Mr. Chairman, Committee Members, thank you for convening today and holding this hearing on Assembly Bill 68, regarding the distribution of the first dollar tax credit.

Last session, the Legislature successfully passed legislation to reform the manner in which the school levy tax credit and the lottery and gaming credit were distributed. 2007 Wisconsin Act 190 (2007) streamlined the distribution of those credits.

At the beginning of this session the Wisconsin County Treasurers Association explained to me that 2007 Act 190 does not include streamlining the first dollar tax credit, because it was a credit created last session and therefore not part of the Act.

Currently funds are being sent to the hundreds of local municipal treasurers, who have to settle with their county and other taxing jurisdictions. This legislation would distribute the dollars directly to the 72 county treasurers who then settle with the various taxing jurisdictions as part of the overall property tax settlement process.

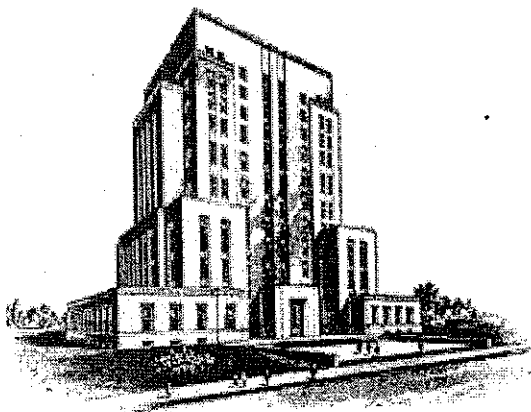
The bill conforms the method of distribution so that all three tax credits are handled the same way, thereby promoting administrative efficiency by allowing DOA to make 72 payments twice a year to the counties instead of the 1,850 payments twice a year to each municipality.

You will also hear today from a member of the Wisconsin County Treasures Association who can speak to the difficulties of the current distribution method.

A small number of municipalities seek to invest the credit dollars for the short window between receipt and final distribution. 2007 Wisconsin Act 190 contained a voluntary exception for municipalities which receive at least \$3 million in the school levy and lottery credits or if the municipality allows tax payments in three or more installments. The exemption allows them to receive the payments directly and then settle with the county or other tax jurisdictions. This bill provides for the same exception.

Again, thank you for convening and I hope that we can work quickly to get Assembly Bill 68 passed and help our local governments decrease their paper work.





# RACINE COUNTY

## OFFICE OF THE RACINE COUNTY TREASURER

### ELIZABETH A. MAJESKI

730 Wisconsin Avenue  
Racine, WI 53403  
(262) 636-3239; (262) 636-3279

March 26, 2009

Members of the Joint Committee on Finance

RE: First Dollar Credit and the 2009-2011 Budget

I want to address to you my concerns about the First Dollar Credit (FDC), and the changes proposed to it for the 2009-2011 Budget Bill, 2009 Assembly Bill 75.

I certainly agree with the way the distribution of the FDC is outlined, putting it just like the distribution of the Lottery and gaming credit and school levy tax credit. The Wisconsin County Treasurers' Association has actively pursued legislation for the distribution of the FDC as it is outlined in the budget bill, sections 1905-1916.

However, Section 1917 of the budget bill, changes the application of the FDC and that causes great concern for county government.

When the FDC was implemented in 2008 counties incurred great costs in reprogramming tax programs to include the FDC. Now, Section 1917 is asking for a new change in the application of the FDC. At present, the FDC was split into the installments a taxpayer may use to pay their taxes. Section 1917 calls for the FDC to be fully applied to the first installment due January 31. Removing Section 1917 from the budget results in no computer changes, no costs to the counties, and the taxpayers still get their full share of the FDC.

There is one other aspect I want to bring out. Putting the FDC completely on the first installment may result in situations where the first installment will reflect a credit amount. More than likely this will not happen in Racine County, but in smaller counties it could happen frequently. If this occurs will there be an expectation on the taxpayer's part that they will be receiving a check from the municipality for the credit amount?

I know there are many difficulties with this budget, please don't consider this problem lightly, all these "little" problems contribute to the bigger problem.

Sincerely,


Elizabeth A. Majeski  
Racine County Treasurer



22 EAST MIFFLIN STREET, SUITE 900  
MADISON, WI 53703  
TOLL FREE: 1.866.404.2700  
PHONE: 608.663.7188  
FAX: 608.663.7189  
[www.wicounties.org](http://www.wicounties.org)

## MEMORANDUM

TO: Honorable Members of the Assembly Committee on Ways and Means

FROM: David Callender, Legislative Associate 

DATE: April 2, 2009

SUBJECT: Support for Assembly Bill 68, Relating to the First Dollar Credit

The Wisconsin Counties Association (WCA) supports Assembly Bill 68 (AB 68). WCA has worked closely with the Wisconsin County Treasurers' Association, which has taken the lead role on this issue and is supporting AB 68.

WCA supports the bill's provisions to ensure that distribution of the First Dollar Credit would mirror the distribution of other credits, such as the lottery and gaming credit and the school levy tax credit. This provision is also included in the Governor's budget proposal, Assembly Bill 75.

However, in consultation with the Treasurer's Association, WCA prefers the approach of AB 68, which would maintain current law relating to the application of the First Dollar Credit to all installments, over the comparable provisions of AB 75. The provisions in AB 75 would require treasurers, who have now programmed their computers to calculate the payments over multiple installments, to re-program their computers so that the credit would be applied only to the first installment.

WCA supports passage of AB 68 in its current form as a separate bill or as an amendment to AB 75.

Thank you for your consideration. Please feel free to contact me if you have any questions.



# Wisconsin County Treasurers' Association

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**Date:** April 2, 2009

**To:** Members of the Ways & Means Committee

**Subject:** Assembly Bill 68 - First Dollar Credit distribution

The Wisconsin County Treasurers' Association would like to express our **SUPPORT** for Assembly Bill 68. Through AB68 the County Treasurers are seeking uniformity and efficiency in the distribution of the new property tax credit, known as the First Dollar Credit.

The First Dollar Credit (FDC) was enacted in the 2007-09 biennial budget and first appeared on 2008 real estate property tax bills in Wisconsin. The directive in that biennial budget was that the State Dept of Administration would annually fund the FDC credits to each town, village and city in the state – over 1800 entities.

Assembly Bill 68 redirects the annual distribution of First Dollar Credit funds to mirror the distribution of the other property tax credits, namely Lottery & Gaming credits and School Levy credits. The objective is for the State to distribute FDC funds to each county and some qualifying municipalities – only less than 200 entities.

The Governor has included language in his 2009-11 biennial budget to correct the distribution of First Dollar Credit funds. However, the funding of property tax credits occurs in July and the budget may not be passed in time to be effective for this year's distribution.

Thus, the Wisconsin County Treasurer's Association has been seeking a quick fix and we've already sought support for a companion bill in the Senate. The companion bill, Senate Bill 35, was introduced in February. Our hope is that both houses pass this legislation in time to be effective for the State's July distribution.

In summary, this bill merely seeks corrective action so that the First Dollar Credit funds can be uniformly and efficiently distributed in the same manner as other property tax credits are distributed. It does not affect which entities ultimately receive the funds, or how much they receive. It just makes sense to treat the distribution of all property tax credits the same and in doing so, alleviate extra work for state and municipal governments.

Thank you for your consideration.